CHAPTER 1

INTRODUCTION

1.1. Background

     The Internet has become a phenomenon of modern times. Without the existence of this virtual world today's society would struggle to ensure its stability, meaning that it must also exist in economics, business and marketing. The Internet not only provides the possibility of independent decision-making but also the capability of selection and targeting. The Internet is not just a passive medium but there is the possibility of mutual communication and feedback. These attributes are an important factor in marketing which increasingly tries to use them to its advantage. The Internet is becoming a powerful independent marketing tool and not only a support tool as it was before.
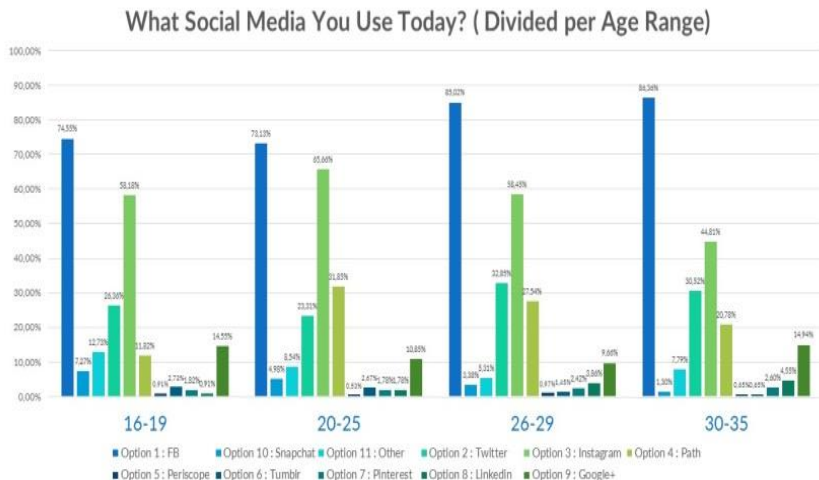
     From internet we know that many application, website, online game, etc. For business in now era, from small until big company using online as their system. It can be online marketing, online transaction, online meeting, etc. As we know, almost people in the world using internet, especially social media as their activity in daily. The definition of social media is the relationships between network of people (Walter & Riviera, 2004) or we can say connection between people through internet. In the last few years, the online world has

changed dramatically. Social media is the one that encompasses a wide range of online, and word-of-mouth forums such as company-sponsored discussion boards, blogs, vlogs and chat rooms, consumer to consumer e-mail, internet discussion boards and forums, moblogs and social networking websites (Mangold &Faulds, 2009). In short, social media can classified to five groups which include collaborative projects such as Wikipedia, blogs such as Blogger, social networking sites like Facebook, Instagram, BBM, Line and content communities like Youtube, vlog and virtual worlds like Second Life.

Trough social media, young men and women now exchange ideas, feelings, personal information, pictures and videos at a truly astonishing rate. However, every day, many people are spending countless hours immersed in social media, such as Facebook, Instagram, Line, BBM, and WhatsApp. At first glance this may seem like a waste of time. However, it also helps people to develop important knowledge and social skills, and be active citizens who create and share content. At present, whether social media is favorable or unfavorable, many people utilize these sites on a daily basis. As social media sites continue to grow in popularity it is our belief that technology is a vital part of today's people success equation.

From social media we can build our own business without form an organization or building physically. Just use internet and social media we can run our business easily and free. Even now we can advertise our product or service also easily and free. But now, many people use endorser to promote their product that already

consume by endorser and give feedback, so people can more believe with the product. 21st Century becomes an explosion of internet based on messages transmitted through the social media (Mangold & Faulds, 2009). It has become a major factor in influencing various aspects of consumer behavior including awareness, information acquisition, opinions, attitudes, purchase behavior, and post purchase communication and evaluation.

Figure 1.1 Survey of Social Media

Source: https://blog.jakpat.net/indonesia-social-media-trend-2016-free-survey-report/

Survey done by JAKPAT Mobile Survey 2016 from 1033 respondents shows the activity of using social media on 2016 in

Indonesia. The most often used is Facebook and Instagram, because they have same fiture and system in the platform. So, the company or e-business need to adapt with their advertising to meet a more demanding and tech-wise consumer crowd.

Advertisers and marketers had before now, romanticized with the traditional media of communication to reach their audiences, and to wage advertising 'war' in competition against themselves. However, this is rapidly changing. Recent studies indicate that the traditional mass media audiences are increasingly and to a great extent turning toward the new media for information and gratification of certain communication needs (Rudloff & Fray, 2010; O'Toole, 2000). This has indicated a flight from the more conventional mainstream media especially among the younger generation to the alternative media of new social media. Today, if you are not on the social networking sites, you are not on the Internet. This fact has become truer for consumers as well as for advertisers. And advertisers and marketers are well aware of this singular fact. The Internet having advanced into Web 2.0, the new media is today facilitating two-way online interaction and user-generated content has become the mainstay of this development. What has become clear is that social media, especially social networking sites (SNS), enable users to present themselves, establish and maintain social connections with others, and articulate their own social networks.

This growing popularity of social media has also brought about a paradigmatic shift in the way advertisers now use traditional

media to 'catch' their target audiences, leading them to invest more effort into communicating with consumers through online social networking. This social media provides marketers and advertisers with the opportunity to promote their goods and services and affect the purchase decisions/purchase intention of their customers and targets (Evans, 2010; Rudloff and Frey, 2010).

The term Social Network Advertising is the advertising which is done online through Social networking sites like Facebook, Instagram, Youtube, twitter etc. It is a paid form of promotion of brand or product or service and require a properly planned communicative message and budget. This form of advertising is more attract customer and customers play a vital role in short or long communication because they are one who will decide the advertising communication can be trusted or not. Thus, online advertising has seen a dramatic increase and use this platform (Social media) to promote their product (Jothi, Neelamalar and Prasad, 2011). Advertising is one of the important tools that have been continuously used to influence and encourage consumers to take some action. Past studies tend to focus on the effectiveness of using celebrity endorser in conventional advertising such as television and social media. Because endorser is effective spokespeople for their products or brands. Celebrity Endorsement is viewed as a billion of dollar industry in today's era. Various companies are signing deals with celebrities in the hope that by using celebrities they can accomplish a unique and relevant position in the minds of the consumers. Celebrity endorsement is

increasingly being employed across various industries regardless of the product type. It is known to be playing the role of a signaling strategy. According to Reynolds (2000) celebrity endorsement can give a brand a touch of glamour although the brand is new or not famous brand. Everything said and done, one has to weigh the potential risks vs. the potential rewards as celebrity endorsements are always a high-risk, high-reward situation and there is always a human element that you might not know about.

Recently, businesses have focused more on trending techniques to compete with their business rivals and to be more attractive to promoting their products. This method is through the adoption of the interactive new media technology. The numbers of advertising in the media also become increasing and countless. A consumer is exposed to more than 3000 advertising in new media in a typical week. This situation becomes critical for the marketers and advertisers to come out with the best ideas to gain more attention from the viewers.

It related to the buying decision, because consumers' buying decision is very complex. Usually purchasing intention is related with consumers' behavior, perception and their attitude. Considering and evaluating of certain product, purchase behavior is an important key point for consumers to decide what they do with the product (Keller, 2001). Ghosh (1990) stated that the way predicting purchasing process by purchase intention because it's an effective tool to use. Once the consumers decide to purchase the product in certain store, they will be

driven by their intention. However, purchase intention might be altered by the influence of price, quality perception and value perception. In addition, consumers will be interrupted by internal impulse and external environment during purchasing process. Their behavior will be driven by the physiological motivation that stimulates their respond which bring them to the retail store to fulfill their need.

MD Clinic is a company in the field of beauty services that offers facial care and health that founded in 2011 in Bandung. Not only services, but also they offer products that support after services. Before this company was established the founder sell her product by online platform, until she can build their own company with physically building that is available in Bandung, Jakarta, Makassar, Bogor, and Depok. So, basically the company promote their services and product through media online from the beginning until now through social media which is Instagram. The reason they choose Instagram because the user of Instagram is a lot and always increase. Instagram is the main strategic to promote their product by using endorser. For example, Raffi Ahmad, Nagita Slavina, Syahnas, and many more from celebrity. Now, Rachel Vennya as selebgram (selebritas Instagram) that has 2.5 million followers is also become their endorser. Now MD Clinic with account @mdglowingskin has followers around 420.000, which is this is a big number of followers as online store in Instagram.

This purpose of this research is to inspect current consumers of social media on Instagram in Surabaya with the goal of exploring the credibility of the endorsers which is Rachel Vennya that will affect

the intention to purchase on MD Clinic as an object at Instagram mediated by attitudes.

1.2. Problem Statement

According to the background, the problems can be formulated as follows:

1. Does Rachel Vennya's expertise has influence to purchase intention on MD Clinic at Instagram?
2. Does Rachel Vennya's trustworthiness has influence to purchase intention on MD Clinic at Instagram?
3. Does Rachel Vennya's attractiveness has influence to purchase intention on MD Clinic at Instagram?
4. Does Rachel Vennya as endorser has influence to customer's attitude on MD Clinic at Instagram?
5. Does customer's attitude have influence to customer's purchase intention on MD Clinic at Instagram?

1.3. Objective of The Research

The aim of the research are as follows:

1. To examine and analyze the influence of Rachel Vennya's expertise to purchase intention on MD Clinic at Instagram

2. To examine and analyze the influence of Rachel Vennya's trustworthiness to purchase intention on MD Clinic at Instagram

3. To examine and analyze the influence of Rachel Vennya's attractiveness to purchase intention on MD Clinic at Instagram

4. To examine and analyze the influence of Rachel Vennya as endorser to customer's attitude on MD Clinic at Instagram

5. To examine and analyze customer's attitude to purchase intention on MD Clinic at Instagram

1.4. Research Significances

1.4.1. Academic Advantage

1. Strengthen the theory about The Impact of Rachel Vennya as Endorser to Purchase Intention on MD Clinic at Instagram mediated by Attitude In Surabaya

2. Identify and analyze clearly about The Impact of Rachel Vennya as Endorser to Purchase Intention on MD Clinic at Instagram mediated by Attitude In Surabaya

1.4.2. Practical Benefit

1. This result of this research can give information for the company or institution who want to identify about the consumer purchasing decision of online shopping behavior by understanding The Impact of Rachel Vennya as Endorser to

Purchase Intention on MD Clinic at Instagram mediated by Attitude in Surabaya

1.5. Writing Systematic

The systematic of writing of this study is divided into five chapters and arranged as follows:

CHAPTER 1. INTRODUCTION

This chapter explain about introduction of research includes background, research question, objective study, research significance, and writing structure.

CHAPTER 2: LITERATURE REVIEW

This chapter explain about theoretical basis and concept that used by writer to do research, previous research, and hypothesis.

CHAPTER 3: RESEARCH METHOD

This chapter contains about research method that includes research design. Research model, identification of variable, variable operational definition, variable measurement, data and data resources, data collection tools and methods, population, sample, and sampling technique, and data analysis technique.

CHAPTER 4: DISCUSSION AND ANALYSIS

This chapter contains research data description, data analysis, and discussion. It is also discuss about respondent description, research variable statistic description, and hypothesis testing

CHAPTER 5: CONCLUSION AND SUGGESTION

This chapter is the closing of this study that consist of conclusion and suggestion for the research object and for the consumer or researcher to do a further research